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PUBLIC UTILITY COMMISSION  
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PROJECT NO. 51871

REVIEW OF THE ERCOT SCARCITY  
PRICING MECHANISM

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PUBLIC UTILITY COMMISSION  
OF TEXAS

**TEXAS COMPETITIVE POWER ADVOCATES (TCPA) RESPONSE TO THE  
COMMISSION REQUEST FOR COMMENTS ON THE LOW SYSTEM-WIDE OFFER  
CAP**

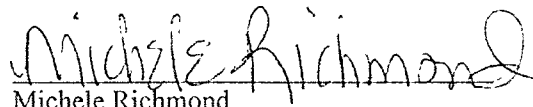
Texas Competitive Power Advocates (TCPA) is a trade association representing power generation companies and wholesale power marketers with investments in Texas and the Electric Reliability Council of Texas (ERCOT) wholesale electric market. TCPA members and their affiliates provide a wide range of important market functions and services in ERCOT, including the development, operation, and management of power generation assets, the scheduling and marketing of power, the provision of energy management services and the sales of competitive electric service to consumers. TCPA members provide more than sixty percent (60%) of the total net operable electric generating capacity in ERCOT, representing billions of dollars of investment in the state, and employing thousands of Texans.

TCPA appreciates the Commission opening a project to review the Low System-Wide Offer Cap (LCAP) following the February 2021 winter storm. The winter storm highlighted many aspects of the Texas electricity and natural gas markets that operated as implemented but not as some expected. For example, the tie to natural gas prices embedded in the Fuel Index Price component of the Peaker Net Margin calculation largely failed to contemplate the high pricing levels seen during the storm, an issue that was exacerbated by delivered gas prices further exceeding the Fuel Index Price. While TCPA acknowledges that the Peaker Net Margin construct is a hypothetical reference proxy based on available, objective data and is not intended to perfectly represent the net revenues of an actual generator, the realized events of the February 2021 winter storm call for re-evaluating the robustness of that proxy calculation, among other things. TCPA believes that a thoughtful review of the Peaker Net Margin and LCAP construct is appropriate for the commission to undertake, through a deliberate and unhurried process, after the flurry of activity

resulting from the February 2021 winter storm has settled. In addition, it is important to afford stakeholders the opportunity to consider Peaker Net Margin and LCAP changes alongside other policy and market rule changes that may come from the February 2021 event. Such a review will ensure stakeholders can address this important topic holistically and with the focus and attention it deserves.

Dated: March 19, 2021

Respectfully submitted.

A handwritten signature in black ink, reading "Michele Richmond". The signature is fluid and cursive, with the first name "Michele" and last name "Richmond" clearly distinguishable.

Michele Richmond  
Executive Director  
Texas Competitive Power Advocates (TCPA)  
(512) 653-7447  
[michele@competitivepower.org](mailto:michele@competitivepower.org)